

# Ras Al Khaimah:

## A Rogue State Within the UAE?

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## Overview

The United Arab Emirates is a federation of seven sheikhdoms along the shore of the Arabian Gulf. Lying to the north of the famous sheikhdoms of oil-rich Abu Dhabi and glittering Dubai are a handful of poor, lesser known and often neglected mini-states which serve as an increasingly important economic and strategic bridge for Iran as well as a low-risk staging ground for other bad actors including Al Qaeda and the notorious Russian arms dealer Viktor Bout.

Closest to Iran and furthest from UAE central authority is the emirate of Ras Al Khaimah, which lies some 60 miles from the Iranian port of Bandar Abbas and enjoys excellent deepwater ports. RAK is literally "the top of the tent" -- the peninsula that juts northward toward Iran and forms the southern shore of the narrow Strait of Hormuz. Ties to Iran and the Bout network are extensive in Ras Al Khaimah, and the international media has recently reported that this territory was also used by Al Qaeda in early 2009 to orchestrate what it hoped would be a major terrorist attack in Dubai.

Ras Al Khaimah and the neighboring emirates of Sharjah, Ajman, Fujairah and Umm al-Quwain are semi-autonomous regions ruled by Arab clans and are notably lacking in significant oil resources. Their lack of oil and strategic geography has prompted these states to cultivate ties to Iran and illicit transnational commerce networks on the model of Dubai -- which pioneered this economic development strategy but has recently sought to reduce its own role in sanctions-busting and illicit finance amid international scrutiny and pressure.

Several months of in-depth research have turned up extensive trading activity with Iran through RAK and other northern emirates (some involving US nationals and companies); strong ties between the Bout network and a large diamond-polishing factory in Ras Al Khaimah owned by Saud and his chief advisors; deepening energy links between Iran and the northern Emirates; and signs of possible illicit operations in RAK related to Iranian proliferation and paramilitary activity as well as Al Qaeda. One of RAK's most recent projects is to turn itself into an offshore banking secrecy haven where customers do not have to disclose their identities -- "the Middle East's best-kept secret," as one marketing slogan puts it.

The drive by RAK to embrace Iran and create unfettered economic structures runs directly counter to the official policy of the United Arab Emirates, which is to act as an ally of the United States and a responsible member of the global community. It also potentially jeopardizes an important national project of the Emirates -- the US-UAE nuclear agreement -- as well as the security of Dubai and Abu Dhabi, the US, Europe and Israel. These facts raise difficult questions about the ability of the UAE central government to control what happens within its own borders.

## Key Findings

- Numerous Iranian companies and suspected government agents operate in northern UAE. In recent months the UAE central authorities have arrested a number of suspected Iranian agents and seized Iranian weaponry.
- Al Qaeda used Ras Al Khaimah to organize a plot to bomb major Dubai landmarks possibly including the Burj Dubai hotel, world's tallest building.
- A former top RAK official, Mohammed Al-Mansouri, was detained in June for suspected involvement in Al Qaeda-related activity.
- Loosely affiliated arms smuggling networks led by American Duane Egli and Russian brothers Viktor and Sergei Bout have spread operations across Ras Al Khaimah and the other northern emirates in a manner that has helped them elude scrutiny and remain in operation.
- Two of the founders of the major diamond-polishing facility in Ras Al Khaimah, Yuri Zaprudnov and Ronni Grouper, are considered by Belgian and Russian authorities to have significant ties to Viktor Bout. The diamond factory is part-owned by the ruler of RAK, Saud al-Qasimi.
- The Ras Al Khaimah government is pursuing natural gas deals with the government of Iran to provide power for the diamond factory and other projects owned and controlled by RAK ruler Saud al Qasimi and his chief aide Khater Massaad. The government of Sharjah, which is controlled by another branch of the Qasimi clan, is also in a gas deal with Iran.
- The government of Ras Al Khaimah is invested in a high-profile real estate project in Isfahan, Iran affiliated with the Revolutionary Guards and endorsed by President Mahmoud Ahmadinejad.
- A major investor in the real estate project is a company called RAK Ceramics, which makes high-grade materials with military applications and operates a factory in Isfahan.

## **Iran and Ras Al Khaimah**

Ras Al Khaimah's government and government-controlled companies began investing heavily in Iran around 2005, not long after His Highness Khalid Al-Qasimi, a bitter opponent of the revolutionary Islamic government, was deposed by a younger half-brother, Saud Al-Qasimi. Saud and his top advisor, Lebanese geologist Khater Massaad, have aggressively courted Iranian economic ties in the last four years.

### **RAK Crown Prince receives Iranian Ambassador, Russian Consul General**

**EmiratesInternational.net**

Ras Al Khaimah, Sep 19: H.H. Sheikh Saud bin Saqr Al Qasimi, Crown Prince and Deputy Ruler of Ras Al Khaimah, received Hamid Reza Asefi, Iranian Ambassador to UAE, and Mohammed Jafar Khateeb, Iranian Consul General in Dubai, who called on him at the Khuzam Palace on advent of Ramadan.



*Above: Saud meets with  
Hamid Reza Asefi,  
Iranian Ambassador to UAE*

Sheikh Saud also received separately Sergey Krasnogor, Russian Consul General in Dubai. The meeting discussed existing relations in economic and investment fields, and ways to boost bilateral business ties.

### **Isfahan City Center**

The biggest RAK-Iran project is Isfahan City Center (ICC), a vast shopping mall project in the central Iranian city of Isfahan. The project -- which bills itself as "the Middle East's largest tourist, commercial and entertainment complex" -- was personally endorsed by Iranian President Ahmadinejad in a 2006 letter that signifies the national importance that the Iranian regime places upon this project.

"There is no doubt that [Iran] attaining the first level of economic, scientific and technological standards is because of the revolutionary hard working people like you," Ahmadinejad wrote in the letter shown below to the managing director of Khorshid Sepahan, the holding company for the project.



جمهوری اسلامی ایران

وزارت فرهنگ و آموزش عالی

توسعه و بهبود زیرساخت‌های علمی و فناوری  
بلافاصله در دسترس قرار گیرد

جناب آقای شرکت خورشید پیمان

با کمال میل به جایگاه علمی و اقتصادی ملی و فرهنگی اسلامی و انقلابی با تلاش  
کارآفرینان این مرکز و همکاران خود، اینک که بر اساس تعهدات ملی شناخته شده کارآفرینان برتر  
مأموریت‌های، به عنوان کارآفرینان نمونه سال ۱۳۸۵، که نام این مرکز به نام علی‌الدین و آیدم به نام  
آقای و خانم و فرزندان آنها به نام آنها به نام آنها به نام آنها به نام آنها به نام آنها به نام آنها به نام آنها  
در زمینه فعالیت‌های فرهنگی و اجتماعی می‌باشد.

و در زمینه فعالیت‌های اجتماعی و فرهنگی به نام آنها به نام آنها به نام آنها به نام آنها به نام آنها به نام آنها به نام آنها

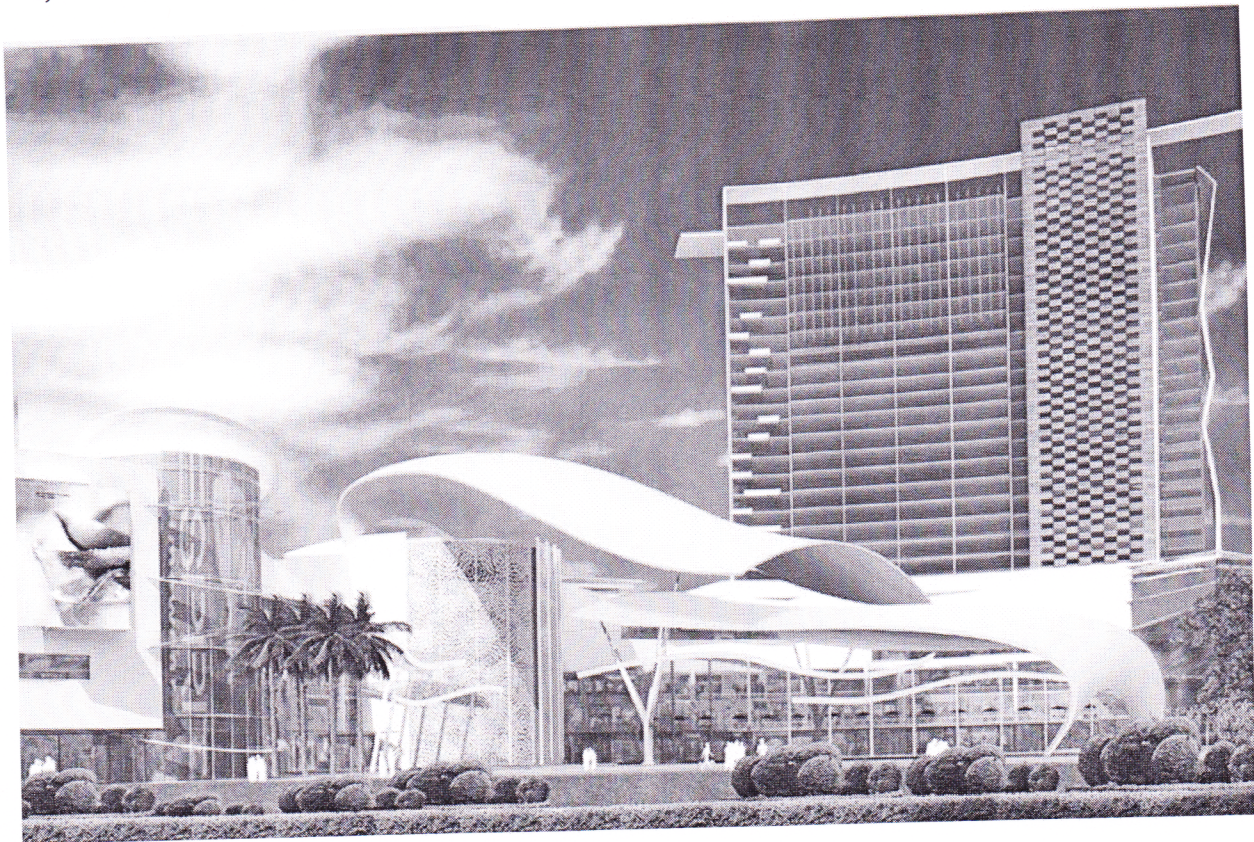
سید محمدحسین  
وزیر کار و امور اجتماعی

محمود احمدی نژاد  
رئیس جمهوری اسلامی ایران

The Isfahan City Center project has an estimated cost of \$1 billion and includes hotels, a shopping mall, banks, restaurants, recreation facilities, exhibition space, a cinema, and even a helipad. Isfahan City Center is located at the crossing of Vahid Dastgerdi Highway and Esfahan Ring Way, and is scheduled to be completed in 2010. This is also the location of RAK's Iranian office for its company, Rakeen.

Three of RAK leader Saud's companies, Rakia, Rakeen, and RAK Ceramics, are investors in ICC alongside Khorshid Sepahan, which is incorporated in Iran. There are several other letters from Iranian officials and institutions, including the US-blacklisted Bank Melli and the government of Isfahan, to the management of Khorshid Sepahan. Among other things, the letters congratulate Khorshid Sepahan's Managing Director regarding recognition the company received from the government as a "Better Work Creator."

About 24% of the Isfahan City Center project -- also referred to in corporate filings as the Iran Mall Project -- is owned by RAK Ceramics, whose chief executive is Saud advisor Khater Massaad.<sup>1</sup>

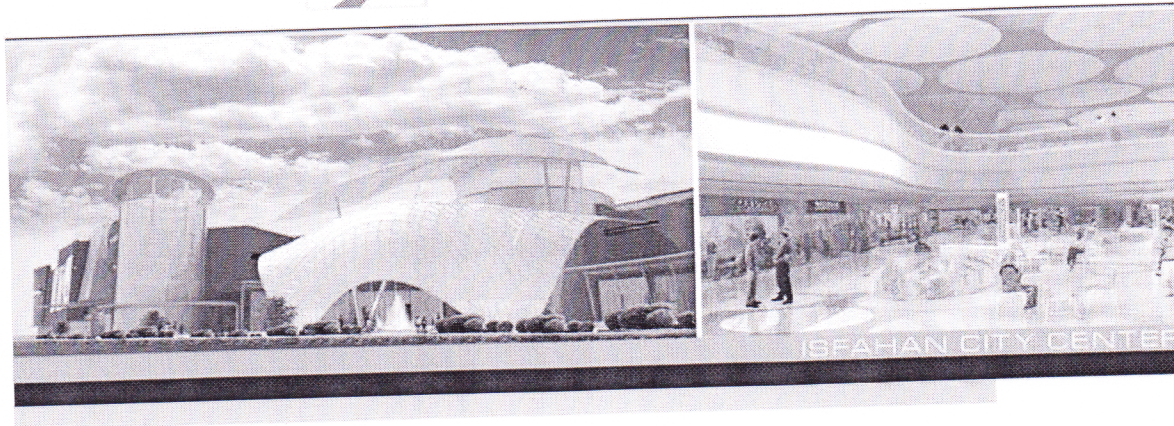


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<sup>1</sup> Financial statement, RAK Ceramics, July 30, 2008, p. 14



PRESTIGE LAND IRAN CO.



#### شرکت پرستیژ لند ایران، سرمایه گذار و مجری پروژه

شرکت پرستیژ لند ایران با هدف ایجاد بستری مناسب جهت سرمایه گذاری های

مشترک، با سرمایه گذاری ۵ مجموعه ای متفاوت شامل

شرکت راکین

شرکت خورشید سپاهان

شرکت راک سرامیک

شرکت ای کت

دکتر خاطر مسعد

تأسیس گردید تا بتواند خلأ وجودی مجموعه ای تجاری، تفریحی مشتمل بر کلیه ای  
امکانات پیشرفته ای امروزی برای تمامی گروه های سنی و با سلیقه های گوناگون را  
پر نماید.



**Prestige Land Iran Company, Project Investor and Administrator**  
Prestige Land Company of Iran, having the goal of preparing a  
suitable foundation for co-investments, consists of  
five different companies, namely:

**Rakeen Company**

**Khorshid Sepahan Company**

**Rak Ceramic Company**

**ICAT Company**

**Dr. Khater Masaad**

So, it can fill the vacuum with a modern commercial and entertainment  
center accommodating all the progressive modern facilities for all  
ages and tastes.

دکتر خاطر مسعد

## **RAK Ceramics**

RAK Ceramics also established Ras Al Khaimah Ceramics Iran (Private Stock Co.), a ceramics factory, in Isfahan in 2006. RAK Ceramics owns 80%, while the subsidiary is 20% owned by an Iranian national, Amir Hossein Karbalaee.<sup>2</sup>

The RAK Ceramics factory in Isfahan produces some 3 million square meters of tiles annually. It's not clear where this production is sold. US Customs Service records of bills of lading show that RAK Ceramics of UAE exports to the United States.

While most of the parent company's production is relatively low-tech, RAK Ceramics also produces advanced materials. In 2007, the government of RAK established a Center for Advanced Materials (located in the emirate) that is seeking to enhance the company's capabilities. Advanced ceramics have numerous military applications. Among the items Iran is prohibited from importing under European Union regulations are silicon carbide ceramic composites, which are used in the nose cones of missiles. A RAK Ceramics subsidiary, RAK Composites, already produces a variety of advanced composites.

## **Iranian Activity in the RAK Free Trade Zone**

At least 648 Iranian companies have incorporated in the Ras Al Khaimah Free Trade Zone.<sup>3</sup>

"This is a clear indication of the trust that the Iranian investors show in the zone's services and facilities," the FTZ's longtime manager stated in 2008.<sup>4</sup>

While many Iranian companies say they export through Dubai, they sometimes use addresses in Ras Al Khaimah. Examples of this include Persia Peyman Electronics and Mansouri Trading, both of which have both Dubai and Ras Al Khaimah addresses.

Mansouri Trading ships Iranian food products to International Golden Foods Inc. of Bensenville, Ill., according to bills of lading. <sup>5</sup>Golden Foods settled US Treasury Department charges of violating Iran Sanctions regulations in 2008.<sup>6</sup>

Many Iranian companies use the Ras al Khaimah address "PO Box 10559," which is already well-known to US authorities as a venue for sanctions-busting and other illicit Iranian activity. On June 5, 2007, the US Department of Commerce's Bureau of Industry & Security imposed sanctions on the Al-Faris company and an individual named Amir Mohammad Zahedi, both of that address.

"These were [entities] concerning whom the U.S. Government possessed information regarding the acquisition or attempted acquisition of electronic components and devices ("commodities") capable of being used in the construction of Improvised Explosive Devices ("IEDs")," Commerce

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<sup>2</sup> Ibid

<sup>3</sup> "Iranian media delegation visits RAK FTZA," Middle East Company News, July 7, 2008.

<sup>4</sup> Ibid

<sup>5</sup> Bill of lading data available on request.

<sup>6</sup> <http://www.treas.gov/offices/enforcement/ofac/civpen/penalties/11252008.pdf>

stated. "These commodities have been, and may continue to be, employed in IEDs or other explosive devices used against Coalition Forces in Iraq and Afghanistan."<sup>7</sup>

In 2008, Al-Faris was also named in a 68-page criminal conspiracy and forfeiture indictment in US federal court in Miami. According to the indictment, Al-Faris and several other entities in UAE and Malaysia conspired to purchase electronic components from companies in the United States, England and Germany and ship them to Iran. The companies caused "materially false, misleading, and incomplete information to be placed in documents such as purchase orders, air waybills, End-User Statements, and Shipper's Export Declarations." Al-Faris purchased some 3000 integrated circuits manufactured by Harris Corp., according to the indictment, which can be used to make IEDs or for other military purposes.<sup>8</sup>

Significantly, Al-Faris was allegedly deployed in the long-running conspiracy in 2006, after US scrutiny of Dubai companies increased markedly.<sup>9</sup>

Other patrons of Box 10559 in Ras Al Khaimah include Nipa FZE, which exports Iranian petrochemicals, Arman Goldarreh of Tehran, who operates numerous websites including [www.iranmails.org](http://www.iranmails.org), and the Fitex Fzc Import & Export International Company (Headquarters: Tehran).

Perhaps the most unusual customer at Box 10559 is Teta Electronics of Tehran, which claims it is a subsidiary or licensee of a California company, Teta Electronics, which appears to have an address in El Dorado Hills, Calif.

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<sup>7</sup> Federal Register: June 8, 2007 (Volume 72, Number 110) Page 31716-31719

<sup>8</sup> USA v. Ali Akbar Yahya et al, Sept. 11, 2008. Case 08-20222, Southern Dist. of Florida.

<sup>9</sup> Ibid

## **Gas, Oil and Pipeline Projects**

The government of Ras Al Khaimah is aggressively pursuing natural gas deals with Iran including current negotiations over the Hinjam gas field.<sup>10</sup>

RAK is also buying gas from the West Bukha field shared by Iran and Oman and trying for more.<sup>11</sup> Still more Iranian gas is being purchased through RAK's sister emirate, Sharjah.<sup>12</sup>

For its "Geographical Ambitions," RAK Petroleum lists Iran among its "Prior One" objectives, while adding a parenthetical: "(long term)".<sup>13</sup>

RAK Petroleum's managing director and chairman of the board of directors is Bijan Mossavar-Rahmani, who is also on the board of the American Iranian Council.<sup>14</sup> He is a vocal critic of US trade sanctions on Iran, lamenting that "foreign investment decisions and commercial interests are too often hostage to domestic political considerations. Or at least to domestic electoral prerogatives."<sup>15</sup>

On September 13, Iran announced it had struck a 25-year deal to supply natural gas to a company in the United Arab Emirates. It did not identify the UAE company.

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<sup>10</sup> Rak Seals Iran, Oman Gas Deal, The National, Feb. 10, 2009

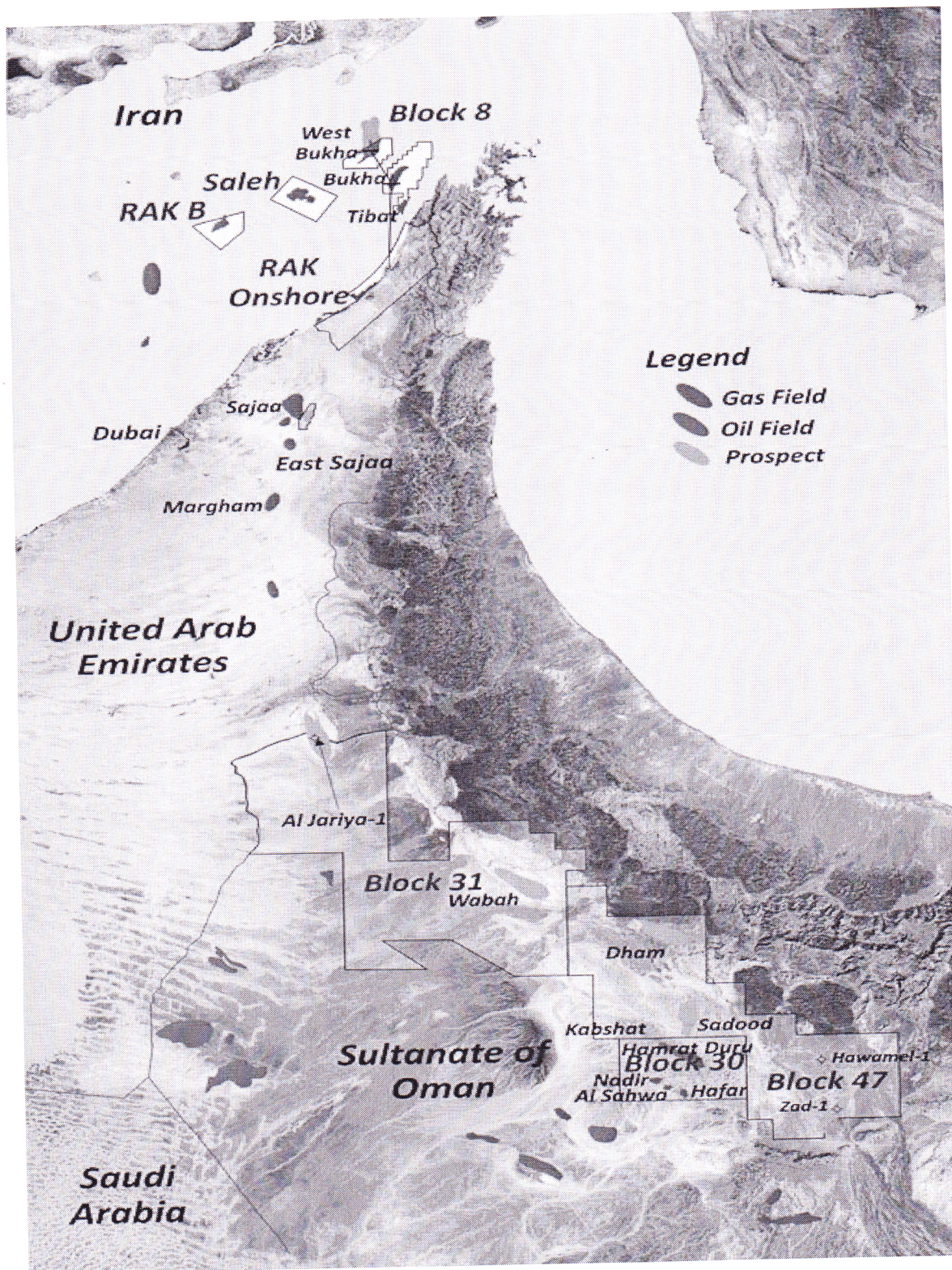
<sup>11</sup> UAE's Ras al-Khaimah wants Iran gas, official says, Reuters, Feb. 19, 2008

<sup>12</sup> Ibid.

<sup>13</sup> <http://www.rakpetroleum.ae/geographicala.html>

<sup>14</sup> <http://www.american-iranian.org/home.php?mains=10&subs=131>

<sup>15</sup> Oil in US-Iran Relations. <http://www.worlddialogue.org/pdf/speech8.pdf>



RAK Petroleum holdings

## Arms & Airplanes

While it is well-known to law enforcement authorities that the Emirates is the primary crossroads for contraband flowing between Africa, Europe and Central Asia, the latest information shows that this activity has been migrating northward from Dubai and that the northern UAE mini-states have played host to at least 3 suspected major traffickers for over a decade: Viktor Bout, Duane Egli, and Imad Saba.

The airports of the UAE, of course, are also important to the US military for supplying American and allied forces in the region.

At least two derelict aircraft were still present at the RAK airport in late 2007 that had belonged to Bout's Wing Air Service.

There are other reasons to suspect Bout did not really vacate RAK after international opprobrium began to build in 2003. Despite the reported closure of Wing Air Service in 2003, on March 27, 2006 a company called Shahed Cargo and Clearing paid the RAK Civil Aviation authority by check to settle some aircraft parking fees on behalf of Wing Air Service. It is not clear why a local cargo company (address listed as P.O. Box 2190 RAK, Opposite Iran Insurance Building, Ras al Khaimah, RAK) would be paying the parking fees of derelict aircraft of a company that purportedly no longer exists. A possible answer is on a website describing the services offered by RAK airport: (<http://www.transportweb.com/search/20298/>)

The advertisement states that *"Air navigation equipment and runway lighting was modernised in 2000. New cargo equipment has been purchased and a new cargo hangar constructed. A new Flight Information System has been introduced. A new maintenance Center, Saratov Plant Industries maintains YAK40 and YAK42 aircraft and the Shahed/Aircess Center continues to maintain all major types of Russian aircraft.*

Air Cess is a long-time primary carrier of Viktor Bout's air empire. In its April 26, 2005 designating action, the Treasury Department's Office of Foreign Asset Control (OFAC) called Air Cess "Bout's flagship entity."

See: <http://www.treas.gov/press/releases/js2406.htm>

Air Cess has also been sanctioned by the United Nations.

It is not certain from a preliminary investigation that Aircess in RAK and Air Cess are the same company, but, given Bout's long standing use of the name and different variations of it, and his presence in RAK, it seems unlikely that someone else would appropriate the name. While Air Cess was operational in Sharjah it was part of the group offering Russian air maintenance services, adding to the likelihood that this is a legacy Bout company. There are also numerous documented cases where Bout aircraft carried several different aircraft registrations, each listing the aircraft as belonging to a different company. One civil aviation inspector was told by aircraft personnel in

Sharjah about the Bout aircraft they manned that it was impossible to remember what company they were supposed to be representing on any given day.

According to a 2006 European intelligence report on Viktor Bout's air companies, Bout has operated the following aircraft in RAK at least part of the time:

- AN 72/74, Registration 3C-QQS, Company, Jetline Inc.
- AN 72, Registration EL-ALX, Company, SHAR Inc.
- IL-62M, Registration XU-229, Company, SIN SAD Airlines
- IL-76M, Registration 3C-QRA, Company Air Bas, San Air
- YAK-40, Registration TL-ACP, Company, Air Bas
- YAK-40, Registration TL-ACQ, Company, Air Bas
- YAK-40, Registration EX-87802, Company, Air Bas
- Let-410, Registration 3C-UAQ, Company, Air Bas
- TU-154M, Registration LZ-LTV, Company, Balkan Airlines

It should be noted that RAK was not the only Emirate where Bout was active. He was active primarily in Sharjah, until the international pressure grew and he moved parts of his operation to RAK (about 2004). His elder brother Sergei remains the operator of part of the Bout network there, and has been linked to the operations of the Russian aircraft maintenance facilities in both RAK and the nearby emirate of Fujairah. The larger of the two facilities in Fujairah offer the region's only engine repair and replacement facilities for Russian aircraft. Because of the lax business atmosphere in both emirates, the facilities are uninspected by authorities and operate close to the free trade zones.

#### Duane Egli

One of the biggest arms dealers to use northern UAE as a base of operations is Duane A. Egli, a veteran smuggler with a long criminal history. Egli is a longtime resident of Florida who is still listed at an address in Key Biscayne and others in Miami.

Egli, now about 75 years old, is of substantial interest to US law enforcement. He was also named a co-conspirator in a federal marijuana-smuggling case in Texas in the 1970s. On December 21, 1975, US court records state, Egli piloted a plane containing fourteen sacks of marijuana from Mexico to the United States. In 1992, Egli was convicted of supplying arms to Libya and served four months in prison.

Several sources in Belgium have provided information connecting Egli to Victor Bout and also to the diamond factory operation. Egli was born in December 1933, either in Congo or Belgium. He is an American citizen but has spent many years in Belgium, in Ostend and Tournai. According to a report of the Liberian Truth & Reconciliation Commission, Egli is suspected of smuggling conflict diamonds as well as weapons.

The Belgian source said he believes Egli and Bout have shared resources and expertise on the management of company names to avoid unwanted attention from regulators and authorities. While both Bout and Egli had offices in Dubai or Sharjah, many of the flights were made from RAK.

This ability by both men to use nimble corporate branding to hide their activities appears to be the work of a business consultant/partner of Egli's that the Belgians believe has also worked extensively with Bout. Tatiana Stoytchkova – it is unclear if this is her original name – manages Egli's business operations. She was first noticed by the Belgians working with Egli in Belgrade and Monrovia, where his companies frequently flew weapons to various rebel and government actors in West Africa. She is thought to have handled his business operations at this time.

A woman matching Stoytchkova's description has frequently appeared in both Egli and Bout's operations over the past decade or so. "Her first name is always Tatiana but the last name is always different, but usually a Russian variation on the same theme," says the source. "There's always this woman around. Same birthday, same month, always a different year. My theory is that she is an administrative secretary for Egli and maybe even Bout. She has been found working with both men in Dubai, RAK, Ostend, Monrovia, Freetown, South Africa, Bangkok, and Kinshasa, if you follow me.... She is the expert in all sorts of paperwork and incorporation rules." She would almost always appear in a country before Bout began his operations there, setting up the companies he would then use, before retreating from the spotlight. She was first identified by European intelligence officers monitoring the activities of the Bout operation in Europe and Africa.

#### Imad Saba

Major figures in RAK aviation include Imad Jacob (aka Yacub) Saba, another longtime resident of the state of Florida. Saba is believed to be a USA national currently resident in Dubai or Sharjah. Saba is a Palestinian Christian, according to news accounts, and has strong ties to Lebanon. He is a former resident of Miami affiliated with numerous Florida companies including J Taylor Investments, Financial Advisory Group, Hondurena de Aviacion, and World Traders Inc.

Saba's UAE companies include Air Van and East/West Cargo. He also has a Nigerian firm called IRS Airlines. East/West Cargo, operating of Sudan, has also been identified by U.S. officials as part of the Bout network.

An American jumbo jet controlled by Saba ended up under the control of RAK Leasing LLC. The history of the Boeing 747-238B, Construction Number 21352, is here:

<http://www.aussieairliners.org/b-747/vh-ebm/vhebm.html>

It came under Saba's control in 2003 when it was sold to J. Taylor Investments, cancelled from the US aircraft registry and registered in Armenia.

This 747, No. 21352, ended up being used by the mysterious alleged (by the UN) weapons-smuggling company called Air Van for two years until the Armenian authorities revoked its Air

Operations Certificate in November, 2005. At that time the 747 (EK 74701) was transferred to Buraq Air Transport of Tripoli, Libya.

Air Van was cited by the UN Security Council in a June 1, 2004 UN Security Council report for shipping weapons and ammunition to Liberia in violation of international sanctions.

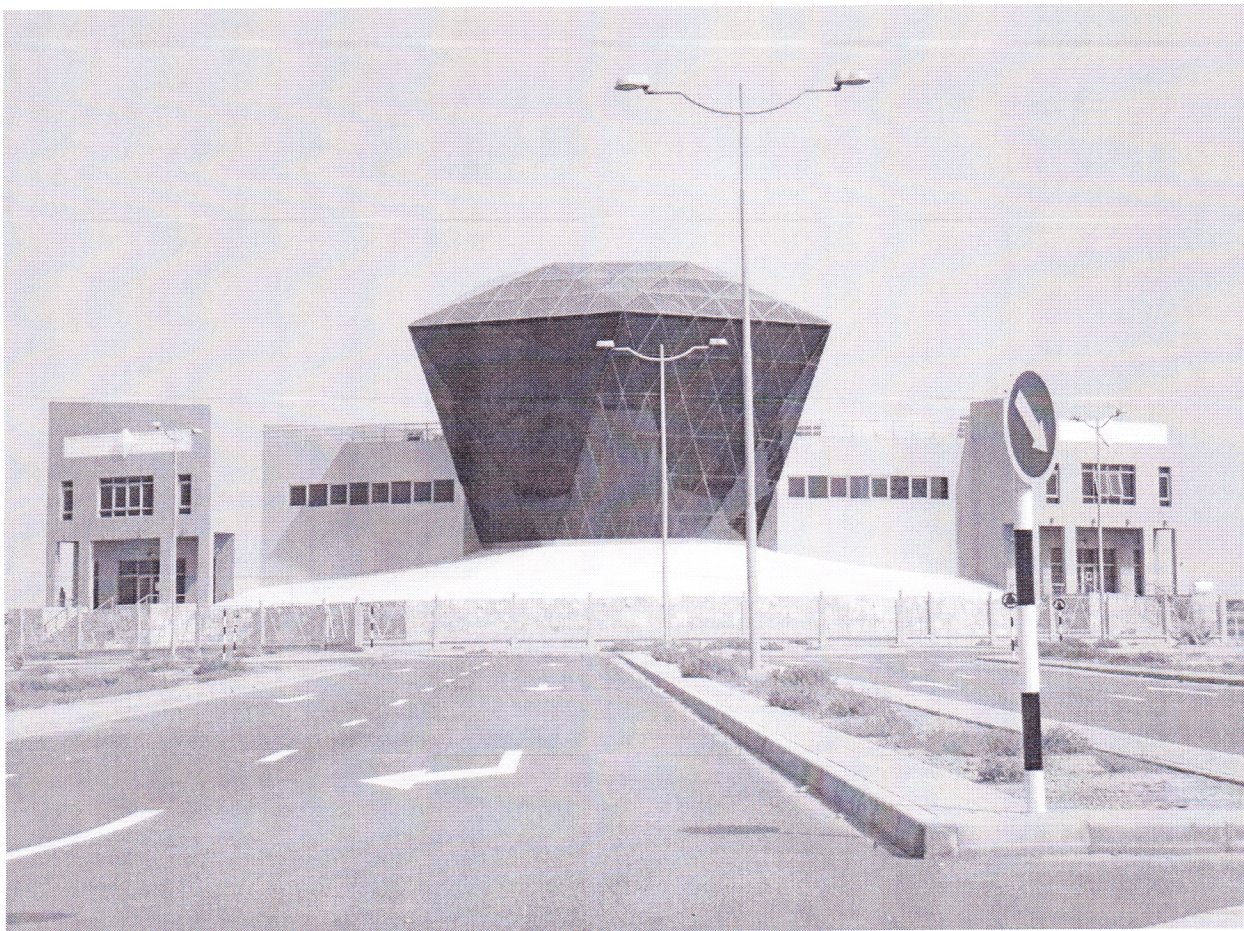
Air Van is also identified with a pair of Armenian alleged smugglers-mercenaries named Artur Sargysan and Artur Margaryan, the former of whom was listed as "General Director" of Air Van. The "Artur Brothers" were at the center of a major scandal in Kenya in 2005-2007. According to an official 120-page parliamentary report, "several illegalities known to law enforcement agencies were perpetrated by the Artur brothers" during their time in Kenya. These included clear indications they were engaged in massive smuggling of electronics. The 'brothers' held police credentials and blank Kenyan passports, threatened other officers with guns, lived in a mansion, and were apparently allowed to flee the country. They also shipped large amounts of cargo through the port of Mombasa without proper clearance. They repeatedly shuttled from Kenya to UAE.

Saba is also closely tied to the crash of a passenger jet in Cotonou, Benin in 2004 that killed 139 people, many of them Lebanese Christians. <http://www.lebanonwire.com/0401/04010508DS.asp>

We have received many reports that the charter flight was carrying \$2 million in cash for Hezbollah and that the terrorist group sent a team to investigate the crash. Hezbollah sent an official delegation to Benin to collect the bodies and demand an official investigation.

Saba was partnered with Darwish Khazem in the Union des Transports Africains airline, which was originally chartered in Sierra Leone as "West Coast Airlines." Khazem is suspected by intelligence agencies of being a weapons and diamonds/cash trafficker for Hezbollah.

## Diamonds



**RAK diamond factory, June 2009**

In 2007-2008, an impressively large diamond-polishing factory was built in Ras Al-Khaimah. Land was provided by RAK ruler Saud Al Qasimi and his aide Khater Massaad. Construction was handled by an affiliate of Kuwaiti firm KGL, which also holds the concession to operate the emirate's Mina Al Saqr deepwater port.

Two of the original partners in the RAK diamond factory, Ronni Grouper and Yuri Zaprudnov, were subjects in a major Belgian police investigation into the activities of indicted arms trafficker Viktor Bout and his associates.

Grouper and Zaprudnov were arrested for money laundering and forgery in Belgium in February of 2002 in a case directly connected to arms dealer Viktor Bout. In recent years, Group and Zaprudnov have purchased large quantities of diamonds in South America from a base of operations in Guyana. Sources in South America said that many of the stones are believed to originate in Venezuela, which has diamond fields north of the Guyanese border.

Diamond industry figures say that Western security officials have told them that they suspect the RAK diamond factory was set up by Bout and is suspected to be a conduit for Venezuelan diamonds to Iran

"They strongly believe that he controlled the entire facility," a diamond industry official said.

## Arrests

Grouper and Zaprudnov were charged by Belgium with "use of forged passports," "organization of counterfeiting" and "accessory to criminal organizations." They posted 7500 Euro bail each and fled the country.

Belgian police have extensive evidence of direct dealings between the two men and Viktor Bout. "It is absolutely clear that Zaprudnov and Grouper were, at that time, fully-vested members of Viktor Bout's operation," said one person involved in the case.

Zaprudnov was born in 1965 in Nikolayev, Ukraine, according to a Russian intelligence source. In 1987 he graduated from the Kirovograd High Pilot School of the Soviet Air Force with a qualification of a military helicopter pilot. In 1988 he participated in the last combat actions in Afghanistan, and the same year he was accepted to the Academy of the Soviet Army, i.e. the GRU. He graduated from the Academy in 1991, just prior to the disintegration of the Soviet Union.

A close associate of Viktor Bout in Belgium allegedly told one individual whom we interviewed that Yuri Zaprudnov has a background with the GRU and worked for a time with the Military Mineral Technology Company of the Russian Ministry of Defense. The firm produces massive crystals for military applications.

Zaprudnov resigned from the GRU in 1992, according to a Russian source, and in 1993 became a close subordinate of Victor Bout - also a former GRU officer.

Apparently, Zaprudnov became "an expert" in diamonds at the end of 1990s-beginning of 2000s. Some intelligence operational reports dated back to that time indicate that it was Victor Bout who sent Zaprudnov to Guyana in 2000 to "diversify" their diamond business. Using his connections in the diamond business, Bout placed Zaprudnov into the Belgian diamond export company Explorer Trade and Commerce Limited (ETCL) where he became a General Manager in 2005. The company is now in the top 10 Guyanese diamond exporters.

Some sources claim that Zaprudnov later fell out with Bout and launched his own diamond trading in Guyana. After Bout was arrested in Thailand last year, Zaprudnov resurfaced in Africa again, or to be precise, in Congo. One source, although his information requires additional clarification and verification, claims that the subject "appeared in Congo to pick up the fragments of the Bout network, in Kinshasa and Tshikapa in particular." Zaprudnov married Tania Hazan, a Jewish national whose parents and grandparent live in Congo, play an important role in the local Jewish community and participate in the diamond trade.

Grouper, born on November 4 in 1963 or 1964, claims to speak Romanian, Portuguese and Hebrew. He is known to have contacts in Angola. His background is Israeli but his current citizenship is unclear; by some accounts, he has trouble with the authorities in Israel.

Arrested at the same time as Grouper and Zaprudnov was their business partner Sanjivan Ruprah, a documented Bout lieutenant who is on a United Nations asset freeze sanctions list. Both Ruprah and Bout are Specially Designated Nationals on the OFAC list and were jointly designated. Among other things, Ruprah was charged with seeking to illegally procure six Guyanese diplomatic passports in the names of himself and his family members as well as Zaprudnov, Grouper, and their partner Bennie Israel. They were also charged with seeking to print counterfeit currency for rebels in eastern Congo.

The charges ultimately were not pursued for lack of evidence from foreign jurisdictions, but the three men were also not acquitted, and the authorities still have all of the evidence -- including recordings of conversations with Bout.

The Belgian case involved a worldwide network trading in diamonds, weapons, and counterfeit currency. The US did not provide assistance to the Belgians at the time because US agencies were seeking Bout's help in moving arms to the Northern Alliance in Afghanistan for its fight against the Taliban. Ruprah was acting as a source for an FBI agent named R. Brad Deardorff, an expert in counterterrorism who as of 2008 was based in Washington.

The counterfeiting operations involved the Republic of Georgia, Ethiopia, the Congo, and several other countries.

"In one example, we found that Viktor Bout had cut a deal with Georgian President Eduard Shevardnadze, who gave them letters of authorization to have money printed," the official source said. "The Georgian Parliament and Senate did not authorize this transaction, making it illegal. The factory would print millions of dollars of 'legit' currency for Georgia. Half the output would be delivered directly to Shevardnadze and half would be kept by Viktor Bout. This was primarily Ronni Grouper and Yuri Zaprudnov's deal and they made a fortune from it."

Fake passports and currency were printed for Bout by Argentine printing company Ciccone Calcografica, one of only five firms in the world capable of printing money and passports for the governments of the world. Ciccone during this period was the subject of several counterfeiting allegations, including cases involving banknotes of Bahrain and Congo, according to the book *Moneymakers: the Secret World of Banknote Printing*.

A key location for the counterfeiting operation was Guyana, where Grouper and Zaprudnov have a base of operations and export diamonds to Belgium and UAE. According to a Belgian official source, they have long enjoyed ties to Guyanese politicians including a former president.

After he was detained, Ruprah wrote to FBI Agent Brad Deardorff that he was wiretapped by the Belgians discussing "a business proposal I had from a Jewish diamond firm." The firm, Yubero Diamonds, was interested in printing currency for rebels in Congo. The deal did not work out, Ruprah wrote, but "subsequently the same firm (Yubero Diamonds, partners: Benny Israel, Ronnie Grouper, Yuri Zaprudnov) approached me for a possible contract also for printing currency for Guyana with the government & top government officials who are associated with them."

There is documentary proof (a contract) that Zaprudnov and Grouper were in business with a militia group in Congo that also received weapons from Bout.

Venezuela-Iran Connection

Venezuela ceased cooperating with international diamond industry monitors in 2005 and no longer reports its diamond exports. A high-level diamond industry source said that Venezuela is suspected of exporting some of its diamonds through Guyana. The government of Guyana seized diamonds allegedly smuggled by Grouper and Zaprudnov. While we originally received reports these stones came from Africa, the diamond official said they most likely came from Venezuela.

According to a 2006 report by the nonprofit Partnership Africa -Canada, large quantities of Venezuelan diamonds are being smuggled into Guyana and exported from there with paperwork stating they are of Guyanese origin.

In 2007, the government of Guyana seized 4,685 carats of rough diamonds from Explore Trade & Commerce, the company of Yuri Zaprudnov and Ronni Grouper, for being of suspicious origin. The rocks were bound for UAE, according to Guyanese media accounts.

In addition, in 2007-2008, at least two suspicious shipments of rough diamonds from Ghana were intercepted in Dubai. Inspectors questioned whether the stones were actually from Cote D'Ivoire. Asked to give an opinion, a top diamond expert determined the stones were not Ghanaian, but could be from Guyana and were "probably" South American. He later said it was impossible to tell some Guyana diamonds from Ghana diamonds. The controversy resulted in the February 2007 resignation of the chief executive of the Dubai Diamond Exchange, who allegedly believed the diamonds were of suspicious origin and that UAE authorities had covered it up.

"Ronni and Yuri are still rather active in Guyana. It seems they have been told to use Guyana as a way to trade between Iran and Venezuela with a low-profile," said the diamond industry source. "There appears to be an extensive connection between Iran and Venezuela on imports and exports and it seems Ronni and Yuri are in the middle of these transactions."

The diamond industry official said Bout also had a diamond polishing facility in the northern UAE emirate of Ajman. "There was no plant, just an empty office that had been set up by this woman. It was linked to another office in Bulgaria, also set up by this woman. Same thing in Moldova."

In addition, "It was always our belief that VB runs any and all diamonds being moved through RAK."

Industry officials conducted an inspection of the RAK facility. "As Dubai has no authority over the northern emirates, we wanted to prove it was illegal and use the visit to confront Abu Dhabi over the issue with this project," the industry official said. The report documented the involvement of Grouper and Zaprudnov, but the inspectors were not aware of the Belgian arrests and their close ties to Viktor Bout.

The inspection may have been sparked by the Western agencies' security concerns about the RAK factory. "The big scare was that RAK was part of a big deal between Iran and Venezuela. Iran wants radioactive material from Venezuela, which would use these commodities to pay for weapons from Iran. The Americans detailed that they were watching 'fast-boats' travel between RAK and Iran, a trip that takes only 40 minutes. The Americans were so concerned that they tasked a battle-group just to watch for it."

Further information obtained from people directly involved with the diamond factory is that Grouper and Zaprudnov wrote the entire business plan for the factory and managed the project for 5 years. They were only pushed out of the factory in March 2008, within days of the arrest of Viktor Bout in Thailand by the US DEA. At the same time, the RAK-based holding company that controls the factory, Al Almas Holding LLC, was reincorporated in Abu Dhabi.

Based on a June site inspection, the RAK diamond factory appears to be fully completed but is not in operation, which a source with direct knowledge of the matter has confirmed. (The company backing the plant, Al Almas, has nonetheless traded extensively in diamonds from Africa and South America, people with knowledge of the matter said.)

One source explained that the diamond factory has not opened for lack of electricity. This is a critical clue to RAK ruler Saud's embrace of Iran. Unable to obtain sufficient gas supplies from Abu Dhabi and Oman to feed their various ventures, Saud (and Massaad) may feel they are forced (or at liberty) to deal with the Islamic Republic.

According to UAE media accounts, RAK is has reached agreements and is in further negotiations with the government of Iran for a large supply of natural gas to generate electricity.



Sign outside RAK diamond factory, June 2009

# TheNational



## RAK seals Iran, Oman gas deal

Tamsin Carlisle

Last Updated: February 10, 2009 6:17PM UAE / February 10, 2009 2:17PM GMT

Gas has started flowing from the West Bukha offshore field shared by Oman and Iran, and will be processed in the UAE by the Ras al Khaimah Gas Commission (RAKGAS). The field's developers started pumping gas on Monday on a test basis, said PK Bagchi, the commercial manager of RAKGAS.

"If all goes well, we expect about 40 million cubic feet per day (cfd) of production by early next year," he said on the sidelines of an Abu Dhabi gas conference.

RAKGAS signed an agreement with Oman four years ago to purchase and process gas produced from the Omani side of the field, located in the Gulf off Oman's Musandam Peninsula. The gas is being sent to Ras al Khaimah (RAK) through an undersea pipeline that connects with Oman's Bukha field, which has been producing gas and shipping it to the emirate since 1994.

The international consortium producing the gas for Oman includes Indonesia's Medco Energi, South Korea's LG International and Canada's Heritage Oil.

RAK badly needs more gas to fuel its power and cement plants, after the expiry in 2007 of a two-year contract with Abu Dhabi's Dolphin Energy, under which it received about 40 million cfd of gas from Oman.

Dolphin now exports Qatari gas to Oman in return for the earlier imports – in accordance with their agreement – and continues to supply RAKGAS on an intermittent basis.

But to secure more year-round gas supplies, government-owned RAKGAS is seeking further agreements related to field developments in and around RAK's territorial waters.

Currently, it processes about 77 million cfd of gas from Umm al Qaiwain's Atlantis offshore field. Last year, it entered negotiations with Iran to import gas from the more conveniently located Iranian side of the West Bukha field. Decisions on exploring and developing two gas prospects off the RAK coast are pending, according to Mr Bagchi. As of yesterday, there was no news on whether RAKGAS had made any progress in its talks with Iran. But the company is already eyeing a bigger Iranian gas target: the Hinjam field, less than a kilometre from the West Bukha production platform.

"We haven't started talks yet, but the pipeline is already there," said Mr Bagchi. He suggested a future deal between RAK and Iran over Hinjam might resemble an agreement that Oman signed last year with Tehran to develop Iran's Kish offshore gas field.

But another deal to import Iranian gas to the UAE has been stalled for more than three years, leaving empty an undersea pipeline built by Sharjah's Crescent Petroleum. Crescent's partner, Dana Gas, also based in Sharjah, said last month it hoped the imports would start later this year.

RAK is among a number of potential regional gas customers frustrated by the lack of progress on that deal. The emirate was forced to ration gas last year and has been burning diesel and coal in some of its power plants.

The RAKGAS chief operating officer, Ruurd Abma, said last year that RAK would have to overcome "political considerations" to conclude any deals with Iran. He also noted that terms of oil and gas deals with the Islamic republic were typically "not so attractive" to foreign partners.

According to the Oxford Business Group, a British publishing and consulting firm, the political considerations include strong international pressure against dealing with Iran, and UAE reluctance to upset its western allies, especially the US.

## Sunni Extremists and Al Qaeda

### UAE: MAARIV, DUBAI TOWER ATTACK THWARTED



(ANSAmед) - TEL AVIV - The UAE secret services were able to thwart an attack on the Burj Dubai tower two months ago. The news, with a wealth of details, was reported by Israeli newspaper Maariv, which states that the principal suspicion is currently falling on the Guardians of the Revolution of Iran. But other avenues of investigation are being followed, according to the paper: for example, al-Qaeda or one of the fundamentalist Wahabi groups of Saudi Arabia. Maariv reports that the matter began mid-July when the UAE secret services discovered arms and explosives trafficking conducted using small aircraft from Iran. Eight people were arrested in the Ras al Khaimah principality: three are UAE citizens, whilst the others are Palestinian and Syrian. Their target, says Maariv, was to blow up the 160-floor Dubai skyscraper which is set to be opened by the end of 2009. The local secret services found large quantities of explosives, kamikaze vests and a large number of automatic firearms. But they decided to maintain secrecy, says Maariv, in order not to exacerbate their already tense relations with Iran.(ANSAmед).

On September 15, 2009, the Israel News Service (YNET News) Reported,

### **Wave of arrests follow plot to blow up Dubai tower**

Month and a half after plan to blow up tallest skyscraper in world exposed, 45 more suspects arrested in addition to eight arrested when plot unraveled. Palestinians, Syrians, Lebanese among those detained. Iran suspected to be mastermind behind plot

Roe Nahmias

Published: 09.15.09, 14:38 / [Israel News](#)

The defense apparatus in the United Arab Emirates arrested 45 suspects, most of them Palestinian and Lebanese, after the plot to blow up Burj Dubai (Dubai Tower) was uncovered. Dubai Tower, currently under construction, is the tallest building in the world.

The current wave of arrests adds to the eight other suspects detained immediately after the plot was revealed one and a half months ago. The detainees were apparently sent as agents of [Iran](#).

Kuwaiti newspaper, al-Jareeda, reported a month and a half ago that UAE security officials arrested "an armed network affiliated with one of the countries in the region that operated on Ras al-Khaimah." Dubai was apparently hesitant to say so explicitly, but the implication was towards Iran as the responsible party for the terror network.

Ras al-Khaimah was is the northern-most emirate in the United Arab Emirates and borders the Strait of Hormuz and the Persian Gulf, both of which run parallel to Iran.



**The tallest in the world, Burj Dubai (Photo: AFP)**

The Kuwaiti newspaper reported that of the eight detainees, two are UAE citizens and the rest are Syrians and Palestinians. They were transferred to Abu Dhabi for investigation under a strict media blackout. According to the report, UAE officials found a weapons cache in a house in which the detainees were staying. One of the detainees with UAE citizenship works in the pharmaceutical industry, and the other UAE citizen is "a member of a well-known family in Abu Dhabi."

Officials connected to the case reported to Ynet that some of the detainees said in the investigation that they plotted to crash a plane into the Burj Dubai. The plan apparently was to carry out the attack close to the inauguration of the building upon its completion at the end of 2009. According to these same sources, it was possible that the plane would await them in an unofficial airfield in Iran.

Ynet has learned that the UAE has embarked upon an additional wave of arrests as the case has developed. Recently, 45 more suspects were arrested. Most of the detainees in this round of arrests are Lebanese and Palestinian with various citizenships. A majority of them were expelled from the country. The UAE has denied these allegations.

### **Increasing Iranian influence in Ras al-Khaimah**

The Kuwaiti news report claimed that UAE defense officials have followed radical religious and political activists in recent years out of a concern that they would seek to exploit the country's relative openness to deepen their hold on the local population and carry out terrorist attacks on UAE territory. This concern was made particularly poignant following the significant entry easements made recently for foreign nationals, including people holding Iranian citizenship.

This is a particularly sensitive report that UAE officials, who are very concerned about Iran, would prefer not be published. According to sources linked to the case, the Iranians have real foothold in the UAE, particularly in Ras al-Khaimah. Iran has cultivated close business relations with Crown Prince Saud bin Saqr al-Qasimi and his close associate, Lebanese Shiite businessman, Massad Khater.

According to these sources, this is not merely an innocent business relationship. Khater is a partner in a ceramics factory called Ras al-Khaimah Ceramics. This factory, the sources claim, directly aids Iran's weapons and missiles industry. The factory even has a branch in the Iranian city of Natanz, where parts for Iranian warheads are produced.

Khater is also one of the owners of the pharmaceutical company at which one of the detainees arrested for the Burj Dubai plot works.

## Is plot to blow up world's highest building just a tall story?



Tim Marshall September 17, 2009 12:20 PM  
SKY NEWS



What lies beneath a story I first heard in a London hotel room in late July, and which has just surfaced doing the rounds in Middle East chat rooms now?

And why is it being linked to another seemingly unrelated tid bit?

The story I was told was that in June, 8 men had been arrested in the UAE for allegedly plotting to blow up the world's tallest skyscraper - The Burj Dubai. Most of the 8 were seized in the northern most Emirate, Ras al-Khaimah, and a weapons cache was found. They were transferred to Abu Dhabi amid strict secrecy.

I asked around, the UAE denied the event ever happened, and I left the story alone even though I have reason to believe it is true.

Then this week I read on Israel's Ynet, that another 45 people have been arrested, including Lebanese Shia, and, as pointed out by a Kuwaiti newspaper, the hand of Iran was seen in the plot.

At this point alarm bells rang. Someone, somewhere, is stirring something. Never say never, but blowing up skyscrapers just isn't the Iranians thing. They've come a long way since the wave of truck bombings and kidnappings in Lebanon in the 1980's. They are now far more a state actor using proxies such as Hizbollah in Lebanon, the Mahdi Army in Iraq, and increasingly Hamas in Gaza and the West Bank, to further their strategic aims. Yes they want 'influence' in the UEA, specially Ras-al Khaimah, why wouldn't they? It sits directly across the Straits of Hormuz, but taking down the Burj hardly advances their strategic plans.

The Ynet story goes on to talk about the increasing links between Ras al-Khaimah and Iran. These links seem to be true. Back in July I ferreted around and came up with a range of business links such as a company which makes ceramics for export to Iran. The company has recently opened a factory in the Iranian city of Natanz, more famous for its nuclear power station. These links have been signed off by the Ras al-Khaimah Crown Prince - Saud bin Saqr al-Qasimi, which has caused some anxiety down in Abu Dhabi.

The alarm bells rang because suddenly on Ynet the 'Burj plot' has been written up with a link to ceramics, (which have a weapons application), Iran, and a city connected to nuclear issues.

Dubai resembles post war Vienna, not in architecture perhaps, but a little in climate. The Emirate is a hot bed of espionage, full of intelligence officers from Europe, America, Iran, and the Arab countries. Just as Vienna was the Cold War front line in spying, so is Dubai a focal point in the information war for the Middle East. I may be wrong but I don't buy the Iran link to the Burj, that plot has Al Queda written all over it, and as early as 2002 AQ was threatening the UAE demanding it stop supporting the USA. However, I note, probably as intended, the Iranian link to Ras al-Khaimah.

# Iranian Plot: Blow Up the World's Tallest Building

It was supposed to be Sept. 11 in the Middle East. Iranian squad on a mission planned to blow up the "Dubai Tower," rising 818 feet. UAE security forces conducting a roundup of cell members arrested eight civilians, some Palestinian and Syrian origin, who planned to topple the tower with dozens of tons of explosives

Ma'ariv  
September 15, 2009  
Jacky Hugi

It was supposed to be the September 11 of the Arabs, but luck was with the intended victims: the security services of the United Arab Emirates succeeded in foiling a plot to blow up the tallest building in the world, the Dubai Tower, which was concocted, it is suspected, in Tehran. So far eight suspects have been arrested, all of whom hold various Arab citizenships, and the Abu Dhabi government has imposed a full blackout on the affair and refuses to divulge any details.

Information recently obtained by Ma'ariv from Arab sources reveals, for the first time, the details of the mega-terror attack from the school of the Iranian Revolutionary Guards. The details show that the members of the ring that were caught had a large quantity, a few tons, of explosives, bomb belts ready to be activated and a large quantity of automatic rifles that were sent by plane from Iran. In addition, the group plotted to attack an army base on UAE soil. The Dubai Tower skyscraper is to be officially dedicated at a ceremony on December 2, 2009, after six years of construction. The building stands 818 feet high and 160 floors, will serve residential, commercial and recreation. It was planned and founded by Eemar Properties of the United Arab Emirates, at a total cost of one billion dollars.

It is actually a "Tower of Babel" of Arabs, and the aim of the organization was to thwart the official opening. According to information that has reached Ma'ariv, the plot was discovered two months ago in wake of the arrest of eight suspects. Some were caught in Ras al-Khaimah, one of the six emirates that make up the United Arab Emirates. The others were arrested in the port city of Khor Fakkan in the Sharjah emirate. They were interrogated thoroughly, and it turned out that the group had close ties with the Iranian Revolutionary Guards. Of the eight, three were UAE citizens, and the rest Sudanese and Palestinians. The three locals are Abed el-Latif Mohammed, Abdullah Siblulah and Jassem el-Sweidi. All are being held in Abu Dhabi prison, the capital of the United Arab Emirates and are being questioned.

The Ras al-Khaimah emirate, where the ring carried out most of its activity, had close ties with Tehran, unlike the policy of the main administration, which has a chilly relationship with the Iranians. It lies on the northern Gulf Coast of the United Arab Emirates, near the Strait of Hormuz, and is considered the area closest to Iran of all areas of the United Arab Emirates. The Emir is Sheikh Muhammad al Qasimi Kassam, but due to illness his son, Crown Prince Saud,

handles the administration of affairs.

The UAE government became aware that an Iranian base was being established in the Ras al-Khaimah emirate under its sovereignty. There are direct flights between Iran and the emirate three times a week, in light planes. The planes enjoy immunity and their contents are not checked. The security services began to pay special attention to traffic to and from Iran. That's how they found that the eight suspects were in close contact with militants in Tehran and with Iranian citizens living in the country, and put them under surveillance.

In mid July the UAE security services discovered that the light planes from Iran were bringing explosives and weapons in large quantities. They discovered that the destination of the shipment was the eight suspects, and then made the arrests. The investigation into the affair continues, and there may be more arrests. The intelligence services are focusing their investigation on the involvement of the Iranian Revolutionary Guards, but are also examining the possibility that al-Qaida or extremist organizations in Saudi Arabia were behind the plan.

Because of the sensitivity of the investigation, full secrecy was imposed. Among other issues examined was the nature of the connections detainees had with a member municipality of Ras al Khaimah, Dr. Mohammed Mansur. Tarek Al-Qasimi, his brother's heir, married his sister.

The government of Abu Dhabi is afraid that the affair will create a crisis with Iran, and will jeopardize a project of utmost importance with Washington: The Senate next month is to approve an agreement to sell nuclear know the United Arab Emirates, the first with an Arab country.

On Sept. 17, 2009, the Washington Times reported,

Authorities in the United Arab Emirates earlier this year quietly broke up a major terrorist ring affiliated with al Qaeda that had plotted to blow up targets in Dubai - a banking hub that has long seemed immune to attacks by the terrorist group...Three U.S. intelligence officials and one former senior U.S. government official confirmed that the terrorist scheme originated in Ras Al Khaimah (RAK), a relatively poor member of the seven-emirate country..<sup>16</sup>

Full Article:

## The Washington Times

### **EXCLUSIVE: UAE kept tight lid on disrupted terror plot**

Originally published 04:45 a.m., September 17, 2009, updated 07:10 a.m., September 17, 2009

**Eli Lake and Sara Carter THE WASHINGTON TIMES**

Authorities in the United Arab Emirates earlier this year quietly broke up a major terrorist ring affiliated with al Qaeda that had plotted to blow up targets in Dubai - a banking hub that has long seemed immune to attacks by the terrorist group.

The disruption in May of the previously undisclosed plot came at a sensitive time for the UAE, which months earlier concluded an agreement with the United States that would allow the U.S. to sell it nuclear reactor technology and nuclear fuel. Congress has until Oct. 17 to block the agreement, which has been viewed with concern by some nonproliferation groups.

Three U.S. intelligence officials and one former senior U.S. government official confirmed that the terrorist scheme originated in Ras Al Khaimah (RAK), a relatively poor member of the seven-emirate country.

According to these officials, who spoke on the condition of anonymity because of the sensitive nature of the incident, UAE authorities found evidence that the terrorists had conducted video surveillance of targets in Dubai including Dubai Towers, which will be the tallest building in the world when it is completed in December. The officials also said the

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<sup>16</sup> "UAE Kept Tight Lid on Disrupted Terror Plot," Eli Lake and Sara Carter, P. 1.

plotters had designated suicide bombers for the operations, but had not yet made so-called martyrdom videos.

Juan Zarate, a former deputy national security adviser in the George W. Bush administration, called the arrests a "significant ... disruption. It demonstrates al Qaeda's presence and perhaps even ill intent in the Emirates, but also signals strong cooperation from the Emirati authorities."

In the past, al Qaeda has not targeted Dubai in part because wealthy Arabs there have been a source of funding for the organization. Two of the 19 hijackers who carried out the Sept. 11, 2001, attacks in the United States were from the UAE.

A spokeswoman for the UAE Embassy in Washington said the embassy "doesn't comment on internal security matters." But the disclosure threatens to embarrass the UAE as it seeks Congressional approval for a nuclear cooperation agreement with the United States.

The crown prince of Abu Dhabi, Mohammed bin Zayed, was in Washington earlier this month to lobby for legislative approval of the deal, which is expected to come before Congress in mid-October. Several lawmakers are expressing concerns about the UAE's export laws and the fear of weapons proliferation to Iran.

The deal, which was signed at the end of President Bush's second term, will go ahead if Congress decides to do nothing. It will allow U.S. firms to sell nuclear fuel and technologies to the UAE. The Emirates has agreed to buy nuclear fuel from the world market - possibly including the U.S. - but has promised not to develop its own uranium enrichment capability or reprocess spent nuclear fuel.

The UAE Embassy spokeswoman, who asked not to be named because only the ambassador is permitted to be quoted on the record, pointed out that the chief of police in Dubai denied a story this week in the Israeli press alleging that the Iranian government was behind the latest plot.

The intelligence officials who spoke to The Washington Times said a former minister of public lands for RAK, Muhammad Ali al-Mansuri, was arrested in connection with the investigation.

An Irish-based human rights group, Frontline Protection of Human Rights Defenders, confirmed on its Web site the arrest of Mr. al-Mansuri, whom it described as a human rights lawyer. It said he was arrested June 7 at 5 a.m. by RAK authorities and handed over to authorities in Abu Dhabi. Mr. al-Mansuri was released on bail at 2:30 p.m. the same day, the group said, but has had his travel limited and is thought to have been rearrested. An e-mail to Mr. al-Mansuri was not returned.

"Frontline believes that Dr. Mohammed al-Mansuri is being targeted because of his peaceful and legitimate activities in defense of human rights, in particular his work in

relation to civil and political rights, including freedom of the press," said an appeal from the group, whose board of trustees includes U2 lead singer Bono.

Present and former U.S. officials described the plan to target the towers and several other high profile locations in the country as a significant shift in how al Qaeda operates in the Emirates.

"Dubai, given where it is, has generally been more open as a society [than other Middle Eastern countries]," Mr. Zarate said. "Some would argue that Dubai has been more lax and in terms of travel and banking, they are stuck with dealing with more bad actors than their neighbors might be. Nonetheless, cooperation [on counterterrorism] has been very good."

Mr. Zarate added, "I also would not downplay the reality that for the sake of tourism and reputation, there is no desire on the part of any country to signal they are worried about a threat unnecessarily and that they are a target-rich environment."

Kenneth Katzman, a senior Middle East analyst at the Congressional Research Service, said: "It is widely believed that the UAE government was turning a blind eye to the presence of some al Qaeda activity in the UAE, with the implicit promise that no terrorist attacks would take place there. This [arrest] is significant because it shows the UAE's belief that it could prevent terrorist attacks this way was naive."

Nonetheless, Emiratis have also been helpful to the U.S. in the battle against al Qaeda. In November 2002, UAE authorities handed over to the U.S. Abd Rahim al-Nashiri, a senior al Qaeda leader who is regarded as the mastermind of the bombing in Yemen in 2000 of the USS Cole. Al-Nashiri is one of three al Qaeda leaders the CIA has acknowledged to have waterboarded during questioning.

According to a May 2002 letter from al Qaeda leaders that was declassified in 2006 by the Combatting Terrorism Center at West Point, N.Y., the royal families in Dubai and Abu Dhabi were explicitly threatened with attacks if their cooperation with the United States against al Qaeda continued.

The newspaper went on to report that one suspect in the case is Mohammed al-Mansuri, a longtime dissident and religious activist residing in RAK.

According to open sources, Mansuri has ties to other fundamentalists suspected by the US of supporting terrorism such as Muslim Brotherhood leader Yusuf Al-Qaradawi. Nonetheless, Mansuri was able to obtain a position in RAK as director of lands, according to open sources.



Mansuri has signed the following petitions:

- During the Israel operation "Cast Lead", Al-Mansuri signed a petition of UAE religious scholars calling the UAE and the rest of the Arab countries to help the Palestinians in Gaza.
- August 17, 2008, Al-Mansuri wrote a statement in the website of the Emirati Jurists Association condemning Israel's actions in Gaza and calling for help to the Palestinians.
- On July 2, 2007, al-Mansuri signed a petition condemning any agreement between the Palestinians and Israel which will give away parts of Palestine to the Israelis. Also signed on to this petition was Sheikh Yusuf al- Qaradawi.
- A petition supporting the Palestinians and Lebanese in their resistance to Israel and condemning giving up parts of Palestine to the Israelis. August 4, 2006.
- A petition condemning Israel's actions in Gaza. December 31, 2008.

On June 7, Mansuri was detained by the UAE federal police.

## **RAK Offshore: the Cayman Islands of the Middle East?**

Of potentially great value to Iran is a venture by the government of Ras Al Khaimah called RAK Offshore, a financial secrecy haven modeled on the Cayman Islands and other tax havens.

President Obama has endorsed legislation to discourage such operations, declaring in March, "We must crack down on offshore tax havens and money laundering."<sup>17</sup>

More than 1,750 companies are now registered at RAK Offshore, but their owners, directors and even their names are a closely guarded secret. The number of such companies is expected to double again this year, thanks in part to the ultra-low registration charge of just \$950 and the absence of serious oversight<sup>18</sup>.

RAK Offshore's website states that the operation is regulated by an "independent and dedicated Financial Services Authority (RAKFSA)."<sup>19</sup> However, it was not possible to confirm the existence of an RAK government entity which meets this description.

Some RAK Offshore statements indicate such an authority has been planned, but may not yet have been created -- despite the registration of more than 1,750 companies.

In March of 2009, RAK Offshore director Peter-Michael Schuster told one news service that RAK Offshore was also being regulated by the Financial Services Commission of the British Virgin Islands, a tiny archipelago in the Caribbean some 8,000 miles away.<sup>20</sup> The BVI says it only regulates companies incorporated in BVI.

RAK Offshore exceeds Switzerland or Liechtenstein in strictures on release of important company information. While Switzerland and Liechtenstein at least maintain a public register of the companies they host, RAK Offshore maintains strict secrecy over the names of the companies it registers. Numerous internet websites promote RAK as an ideal place to hide money as "the easiest in the Middle East,"<sup>21</sup> and "the Middle East's best-kept secret!"<sup>22</sup>

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<sup>17</sup> Tribune Media Services, March 23, 2009.

<sup>18</sup> RAK Offshore to double its companies, Mist News, March 3, 2009

<sup>19</sup> [www.rakoffshore.ae](http://www.rakoffshore.ae)

<sup>20</sup> RAK Offshore to double its companies, Mist News, March 3, 2009

<sup>21</sup> <http://www.incorporation-offshore-saves-wealth.com/off-shore-incorporation.html>

<sup>22</sup> <http://www.global-money.com/item.php?id=265>

## America's Cup Venue: Ras Al Khaimah

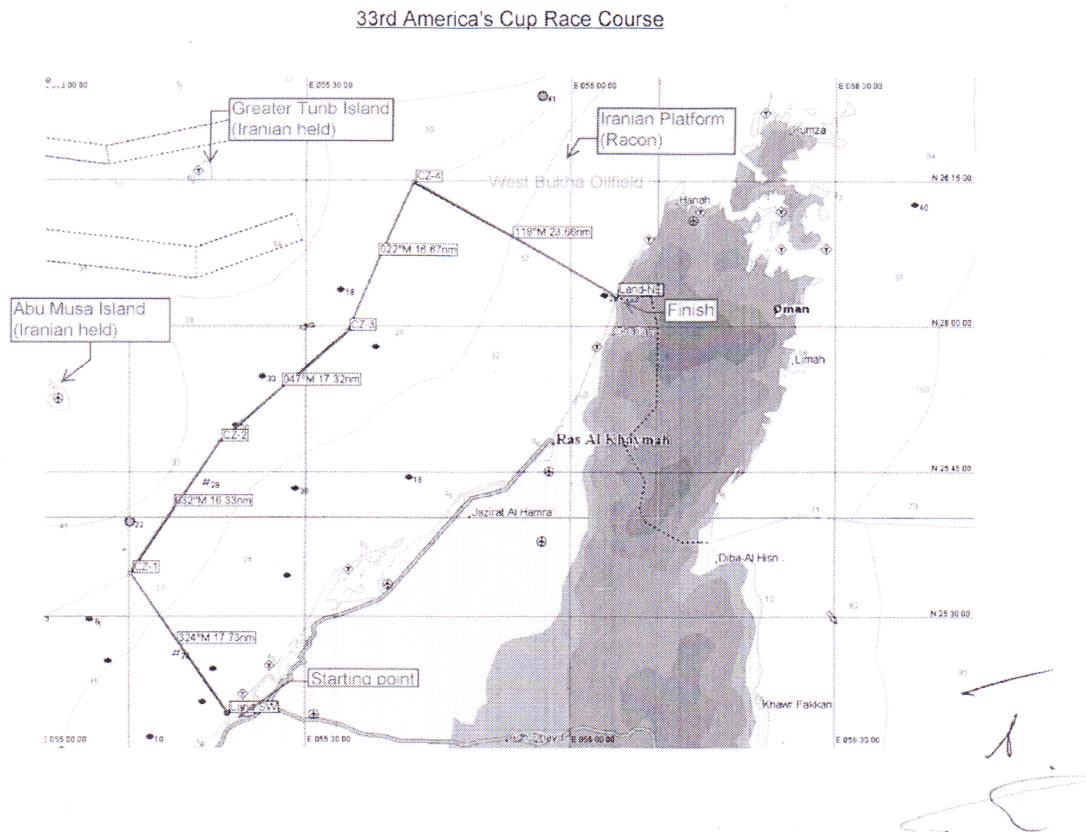
The UAE's northernmost emirate was recently selected as the 33rd America's Cup venue by the defending champions, the Geneva-based Alinghi team of billionaire Ernesto Bertarelli.

The choice is surprising because the emirate is known for its chronic power shortages, lack of development, and proximity to Iran. Indeed, the race course runs within a few miles of two Iranian-controlled islands and an Iranian oil drilling platform. (See map below)

"We looked at the Emirates and many other places but in the end we settled on Ras al-Khaimah because it has a great building sea breeze during the day, similar to Mediterranean conditions in the summer, making it good for these boats and safe for all concerned," Alinghi said.

<http://www.alinghi.com/en/news/news/index.php?idIndex=200&idContent=20243>

The announcement did not mention that the Emirate is engaged in heavy trading with Iran and that the Sheikh who runs Ras Al Khaimah, along with his top advisor, are also major investors in Iran. Alinghi also didn't mention that the Sheikh and his Swiss-educated advisor have major business connections to the Geneva yacht-building industry and the Alinghi team.



## RAK's Swiss Connections

Ras Al Khaimah lacks oil and gas but is rich in high-quality clay and other materials used in cement, tiles and other industrial materials. The emirate's biggest company is RAK Ceramics, the world's largest ceramics company. RAK Ceramics makes tiles for residential and office construction but also has a division, RAK Composites, which makes high-tech materials for yacht-building.

The founder of RAK Ceramics is Khater Massaad, a Lebanese Christian who grew up in Lausanne, a few miles from Geneva. Massaad is the dominant figure in Ras Al Khaimah as the chief political and economic advisor to Saud. Massaad runs the investment authority and more than a dozen other companies.



*Above:* Khater Massaad left with Saud

Massaad holds a degree in mathematics from the Institute of Technology of Lausanne, known by its French initials EPFL. This school is deeply involved with the Alinghi yacht-building team and boasts of supplying over 50 professors to the project.



*From left to right:* Mr. Peter Walter, Group Vice President - Guardian, Dr. Khater Massaad, Advisor to Saud. Mr. Sulaiman Abal Kheil, Chairman - Gulf Guard. Mr. Adeeb Al Zamil, from Al Zamil Group.

Massaad's RAK Ceramics has a unit called RAK Composites, which makes high-tech building materials. RAK Composites has a joint venture with the Swiss yacht-building firm Decision SA, which is credited with building the Alinghi boat used in the last contest and remains one of only two boatyards used by Alinghi. RAK Composites also has an alliance with longtime Alinghi boat designer Sebastien Schmidt.

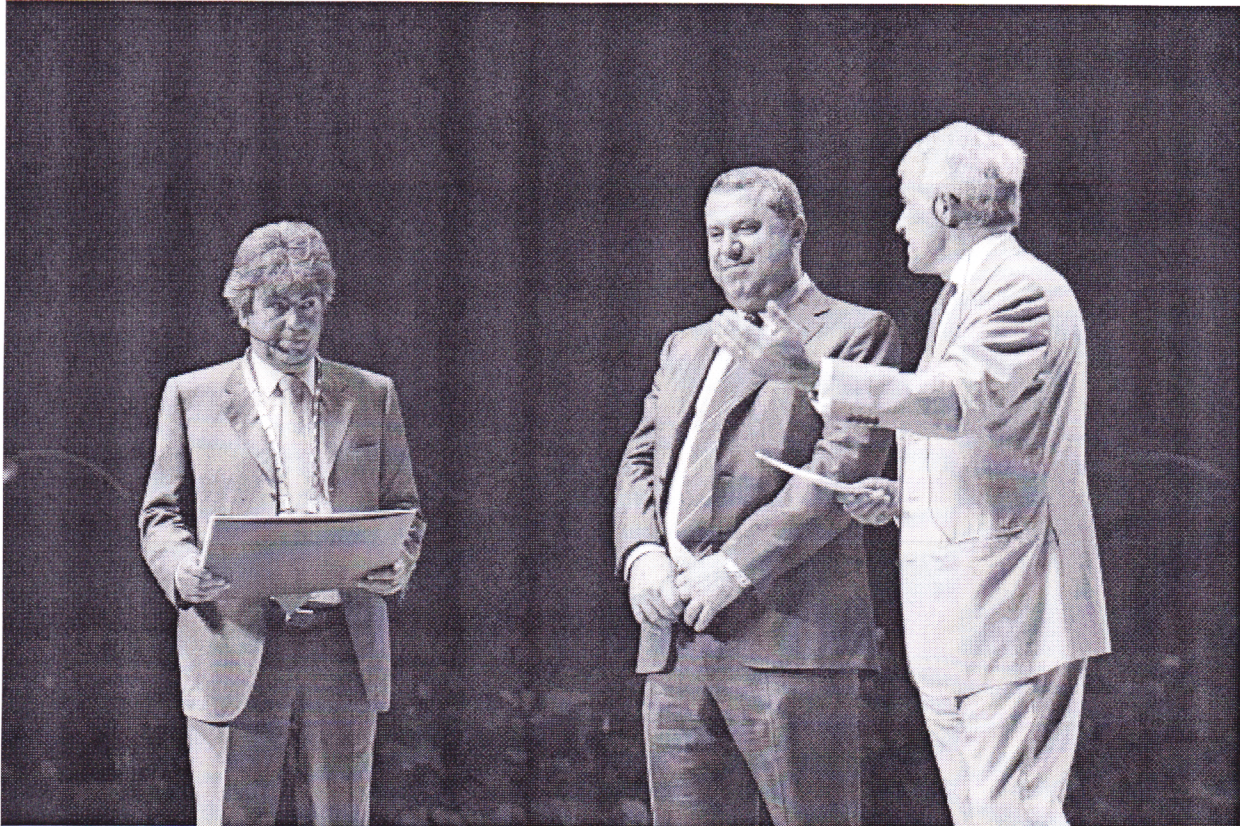
The Alinghi-EPFL partnership:

<http://alinghi.epfl.ch/en/index.html>

A history of the Alinghi-EPFL collaboration:

<https://documents.epfl.ch/users/m/mp/mparlang/www/alinghi%20fact%20sheet.pdf>

Massaad receives an award from his alma mater in 2008.



The EPFL announces it is building a campus in RAK.

<http://sti.epfl.ch/page81103-en.html>

Maasaad is the "linchpin".

<http://actualites.epfl.ch/presseinfo-com?id=700>

Rak Ceramics unit RAK Composites says its "alliances" include a relationship with Decision SA.

[http://www.rakcomposites.com/RAK\\_alliances.html](http://www.rakcomposites.com/RAK_alliances.html)

The two companies have a joint venture called aQuatech Yachts LLC.

<http://www.aquatechyachts.com>

RAK Composites also has an alliance with Sebschmidt, the company of Alinghi boatbuilder Sebastien Schmidt, and with Barcelona Yacht Design Group.

[http://www.rakcomposites.com/RAK\\_alliances.html](http://www.rakcomposites.com/RAK_alliances.html)

### **Khater Massaad**

Massaad, born in Lebanon on June 17th, 1953, holds a Swiss Passport. He received a Ph.D in Geophysics from the University of Lausanne, Switzerland and an M.Sc in Mathematics. Sources also report that he holds a Master's degree in Engineering. Dr. Massaad was named FDI Personality of the year 2007-Middle East. Massaad's father appears to be geologist Massaad Massaad, who lectured at Univ of Lausanne in 1974-75.

Massaad has been Chief Executive Officer of RAK (Ras Al Khaimah) Investment Authority (RAKIA) since its inception in 2005 (incorporated in the Cayman Islands with limited liability). RAKIA is the government body responsible for the socioeconomic growth of the Emirate. Company filings indicate that he has led its strategic planning and piloted its expansion and diversification.

Massaad is also CEO of RAK Ceramics, the world's largest ceramic manufacturer. He and Sheikh Saud Al Qassim of the Ras Al Khaimah emirate founded RAK Ceramics in 1991. Today RAK Ceramics is a \$700m global conglomerate in the ceramic industry that exports its products to over 135 countries, targeting architects, project developers and retail customers.

Massaad also serves as Chairman of RAK Steel, which commenced commercial production in February 2008, and as Executive Chairman of RAKEEN - the land master-planner and developer in real estate and township development in the Emirate and overseas, which was created through a royal decree by Sheikh Saud.

As of 2008, Dr. Massaad was CEO of RAK Minerals & Metals Investments and CEO of Kludi RAK. As of December 2007, Dr. Khater Massaad Managing Director of Al Hamra Fort Hotel, Managing Director of Al Hamra Real Estate and Construction, Chairman of Pioneer Cements, and Managing Director of RAK Airways. In 2006, Massaad was listed as CEO of RAK Porcelain, as well as Chairman

of Pioneer Cement Industries. Sources also reported that Massaad headed the Ras Al Khaimah Tourism Office.

#5953

**Mercury Public Affairs Dissemination Report:  
January 25 – January 27, 2010, in Washington, D.C.**

Informational material titled "Ras Al Khaimah: A Rogue State Within the UAE?" was or is to be distributed by Mercury Public Affairs LLC, Registration Number 5953 under the Foreign Agents Registration Act of 1938, 22 U.S.C. § 611 *et seq*, on behalf of its foreign principal His Highness Sheikh Khalid bin Saqr Al Qasimi as follows.

**MONDAY, January 25<sup>th</sup>**

**Meeting with Houston Ernst, Foreign Policy Legislative Assistant**  
Office of Sen. Johnny Isakson (R-GA)  
Member, Senate Foreign Relations Committee

**Meeting with Lydia Morgan, Foreign Policy Legislative Assistant**  
Office of Senator Jim DeMint (R-SC)  
Member, Senate Foreign Relations Committee

**Meeting with Jeremy Winkler, Intelligence Legislative Assistant**  
Office of Representative J. Gresham Barrett (R-SC-3rd)  
Member, House Foreign Affairs Committee

**Meeting with Michael Wong, Foreign Relations Legislative Assistant**  
Office of Senator David Vitter (R-LA)  
Ranking Member, Strategic Forces Subcommittee of the Senate Armed Services Committee

**Meeting with Lale Mamaux, Chief of Staff**  
Office of Congressman Alcee L. Hastings (D-FL-23<sup>rd</sup>)

**Meeting with Mark Carrie, Foreign Relations Legislative Assistant**  
Office of Congressman Solomon P. Ortiz (D-TX-27<sup>th</sup>)  
Chair, Readiness Subcommittee of the House Armed Services Committee

**Meeting with Michael Casey, Policy Advisor of House Armed Services Committee**

**TUESDAY, January 26<sup>th</sup>**

**Meeting with Bob Grasse, Senior Policy Advisor to the House Armed Services Committee**  
Chairman, Ike Skelton (D-MO-4th)

**Brookings Institute - Saban Center for Middle East Policy**

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Kenneth M. Pollack,  
Director, Saban Center for Middle East Policy  
Senior Fellow, Foreign Policy, Saban Center for Middle East Policy  
**Meeting with Jennifer Barrett, National Security Adviser**  
Office of Senator Mark Udall (D-CO)  
Member, Armed Services Committee

**Meeting with Brandon Milhorn, Minority Staff Director & Chief Counsel of the Senate  
Homeland Security Committee**

**WEDNESDAY, January 27<sup>th</sup>**

(this is who we are expecting to meet with tomorrow – I will keep you posted if anyone changes)

**Meeting with Finch Fulton, Legislative Assistant**  
Office of Congressman John Fleming (R-LA-4<sup>th</sup>),  
Member of House Armed Services Committee

**Meeting with Congressman Charlie Gonzalez (D-TX-20<sup>th</sup>)**  
Member, House Energy Committee

**Meeting with Congresswoman Sheila Lee Jackson (D-TX-18<sup>th</sup>)**  
Member, Senate Foreign Affairs Committee

**Meeting with Laurent Crenshaw, Foreign Policy Advisor**  
Office of Congressman Darrell Issa (R-CA-49<sup>th</sup>)  
Co-Chair of Middle East Partnership Caucus